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MONTHLY NOTES

FARM MANAGEMENT AND FARM ECONOMICS

February 1, 1922.

DURING THE MONTH grain has been slowly moving eastward, pullets have begun to lay, work is on in the wood-lots, - In short, things have been going along in about usual mid-winter fashion.

Perhaps the outstanding event of the month was the Agricultural Conference in Washington. This gathering has probably helped to spike down some important planks in a national policy.

The report on 1921 exports shows that we shipped out 6,474,000 bales of cotton, 280,000,000 bushels of wheat, 17,000,000 barrels of flour, and 129,000,000 bushels of corn. Each of these items was an increase over the previous year, except flour.

The wheat market has oscillated between the Mephistopheles of a strong statistical position, and the Deep Blue Sea of moderate actual demand.

PRICE INDEXES FOR DECEMBER are given below. Farm products from Department of Agriculture; commodity groups from Bureau of Labor Statistics. The figures are all relative to the year 1913, which is taken as the base or 100:

<u>Farm Products</u>			<u>Commodity Groups</u>		
(Prices at the farm)			(Wholesale Prices)		
	<u>Nov.</u>	<u>Dec.</u>		<u>Nov.</u>	<u>Dec.</u>
Cotton	143	130	Farm Products	114	113
Corn	69	72	Food, etc.	142	139
Wheat	120	118	Cloths & clothing	186	185
Hay	---	110	Fuel & lighting	186	187
Potatoes	---	173	Metals & met. products	119	119
Beef cattle	---	78	Building materials	197	203
Hogs	---	89	Chemicals, etc.	162	161
Eggs	121	265	House-furnishing goods	218	218
Butter	---	152	<u>All commodities</u>	149	149
Wool	---	101			

THE TREND OF PRICES during December was not such as to induce any great burst of joy from farmers. The general level of all commodities stood pat with November, 49% above the 1913 level of prices. However, the balance was maintained at the expense of a slight fall in farm products, which are already too low, and by a slight rise in fuel and building materials, which are already too high. It is small comfort to see the price level hold steady while there is such disparity between groups.

Among farm products, drops occurred in cotton, wheat, potatoes, and hogs; improvement in hay, eggs, wool, and slightly in butter and corn.

THERE SEEMS TO BE AN OPINION among economists that the coming year may witness some renewal of inflation and higher prices. This is based on the factors of probable National and State bond issues; the large gold reserves piling up in the country; the possibility of business picking up in volume; the extension of more credit abroad; the natural reaction from present conditions.

All of which does not affect the larger, long-time trend of prices which most economists seem to agree will be downward over a period of years to come.

IF YOU WOULD LIKE TO SEE IN A NUTSHELL farm business conditions and changes in the North-East, ask this Office for a copy of the abridged report on New Hampshire farms. This was issued about ten days ago by Messrs. Funk and Jennings who are making the study.

THE INCOME TAX regulations will be set forth in a "primer" which will be issued in a few days by the Treasury Department. Of course the new law raises personal exemption to \$2500 for a married man and \$400 for each dependent child. We understand there have been no great changes in the farm schedule, although our information is not very complete as yet.

PURCHASING POWER RELATIVE TO 1913

(At December 1921 Farm Prices)

	<u>Cotton</u>	<u>Corn</u>	<u>Wheat</u>	<u>Hay</u>	<u>Potatoes</u>
<u>In terms of:</u>					
All commodities	87	48	79	74	116
Cloths etc.	70	39	64	59	94
Fuel etc.	70	39	63	59	93
Metals etc.	109	60	99	92	145
Bldg. material	64	35	58	54	85
House-furnishing goods	60	33	54	50	79

	<u>Beef Cattle</u>	<u>Swine</u>	<u>Eggs</u>	<u>Butter</u>	<u>Wool</u>
All commodities	52	60	178	102	68
Cloths etc.	42	48	143	82	55
Fuel etc.	42	48	142	81	54
Metals etc.	65	75	123	128	85
Bldg. material	38	44	130	75	50
House-furnishing goods	36	41	127	70	46

THE PURCHASING POWER OF FARM PRODUCTS stays about where it has been for many months. The outstanding distress signal floats over corn and the meat animals to which corn is fed. The corn belt - our vast food reservoir - has become like a rich man whose securities and income are temporarily depreciated to half their normal value.

The economic picture is slowly bringing out the real highlights in our agricultural depression, namely: The upheaval between demand and supply of corn and cotton. The troubles of other farm products have been about on a par with depression in all kinds of business. But the troubles of cotton and corn (and the livestock industry dependent on corn) have been in a class by themselves.

NOTES FROM THE AGRICULTURAL CONFERENCE

One could not watch the proceedings of the Conference without a feeling that we are rounding a complete lap in American development. A hundred and twenty-five years ago, when strong men were laying down policies for the infant republic, agriculture dominated their councils. One had the feeling that we have rounded a century to find agriculture once more standing forth as our great dominating concern, after all.

I take it that when the doings of the Conference are digested in a thoughtful way, it will be agreed that one of its accomplishments lies in the beginnings of formulation of a national agricultural policy. It is no small piece of work to focus the sentiment of six million farmers, whose interests are by no means alike.

A very significant side-light stood out during the Conference, I refer to farmer leadership. Seldom before has there been a like opportunity to observe such a diversity of men of national caliber on a common floor, free of political issues, thrash out vital economic problems. Here was much of the big business of the country as well as organized labor, represented by some of the ablest men in the country. At no time were the farmers at any disadvantage in making out their case before this group.

A part of the romance of it came home to one in realization of the sheer bigness of American farming. A man takes the floor who represents the crop that clothes a large part of the world. Another man speaks in behalf of what is practically the world's corn crop. Another has traveled 3000 miles - farther than from New York to London - to represent the earth's greatest livestock industry. Another speaks for growers of wheat who occupy a territory bigger than all of Europe. Here are represented the material resources - food, clothing, shelter - which will support a nation of 300,000,000 human beings in comfort such as nations of yesterday could not give to kings themselves.

The relation of food supply to population was forcibly brought out. Migration between nations is always toward those with better food supply. Migration, moreover, always means the going of the young and virile blood. Would it not be a strange sensation to see our best, young, virile manhood striking out every year for Argentina, or Australia?

A real case made out by the Conference was the unbalance between demand and supply of cotton and of corn (of course including the livestock industry so closely linked to corn). Cotton and corn are, or have been, the key-stone in the depression. Nearly all farm products have been hit by deflation, but these two were hard hit also by over-production, or by under-consumption, which has the same effect.

Of course the export situation received a good deal of attention. The rather significant point was made, however, that there is small use in breaking our necks to supply export credit unless after all we can get a profitable price when we sell the goods.

In Europe, according to G. F. Warren, prices of farm products and production costs were slower to fall than ours. This was partly due to the fact of their nearness to the world markets. We have seen the same thing here: The producers farthest from market in most cases suffered depression first.

Professor Warren told of buying a pocket knife in Germany. The price of that knife translated into American money ran the whole chromatic scale between breakfast and bed-time of one day. He was always at a loss to know whether to buy the knife or wait till the next day for a fall in exchange. In other words, it is the instability of exchange that hampers trade in Europe. Not so much the fact of depreciated money itself, but the violence and uncertainty of fluctuations in the exchange rates. Some kind of stability in European currencies must precede a revival of trade.

Formerly Europe financed a large part of our world trade. This has now ceased to be the case, and means virtually a readjustment of the American system of financing. This important fact underlies some of our present export difficulties. Allied hereto is also the question of storage.

Mr. Myer, who directs the War Finance Corporation, developed the very sensible point that credit is something to be extended by banks or public funds for business uses only. The farmer who uses credit for living or personal expenses instead of for his farm business, is headed for very certain trouble.

One gathered the impression from attitude of delegates that the W. F. Corporation has been of some service in the West and South.

Mr. Wesley Mitchell - considered one of the ablest authorities on price trends and cycles - discussed the fall of prices, and did not hesitate to call a spade a spade. He considered that if the Federal Reserve Board made a mistake it was in not raising the rediscount rate in 1919 after the Armistice, instead of yielding to the probable desire of the treasury for continued low interest rates at which to complete the war financing.

Once we embarked on the orgy of speculation and extravagance which took place during 1919, the credit inflation and high prices were bound to be followed by collapse. He gives the Federal Reserve System credit for averting a severe panic. Also, bad as our plight has been, we have suffered the least depression of any country engaged in the war.

Mr. Mitchell considers it possible that we may have a short up-swing in prices during 1922, although the long-time trend will be downward for a period of years.

Mr. Pinchot says that five-sixths of our original forests are gone, and that our present rate of wood consumption will exhaust our supply in 25 years. Owners of farm wood-lots are called upon to include the wood crop in their scheme of conservative farm management. This is perhaps a more urgent matter than most of us realize.

There is a need of credit from public sources, said Dr. Ely of Wisconsin, but it should not be overdone. Subsidized industry invariably means cheapening of the products thereof.

Our land policy should not bring marginal lands into production faster than effective demand for products will warrant. Dr. Ely cited the fact that 600,000,000 acres of land in Michigan have gone through bankruptcy and reverted to the state.

Nobody but a blind man could fail to discern that the question of taxation has come to be one of our very real problems. The pressure of tax burdens on farms cropped out all through the Conference - not in complaint, but in recognition of what is a most important national problem.

Mr. Harvey Sconce of Illinois, illustrating how farm products had fallen out of balance, stated that two years ago he paid his taxes with 4500 bushels of corn. This year it will take 21,000 bushels of corn to pay his taxes.

Most any well-informed man would feel that the Conference hit the nail on the head in urging more and more dissemination of accurate statistics and economic information. Farmers can get nowhere in settling economic problems without a constant, reliable stream of cold facts and figures. Here is a job that needs most careful research and then unwearying repetition of the facts.

It can hardly be put too strongly that at the bottom of almost every one of the important issues made by the Conference lay a demand for more complete and accurate facts regarding the farm business. President Harding, Chairman Anderson, farmers, and business men all went out of their way to lay stress on the keep-

ing of better farm records, more complete cost accounts, more adequate production and marketing statistics. Men over the country who are in position to further this kind of work will make no mistake in listening closely to this outspoken need voiced by so influential a gathering.

Perhaps the most outstanding sentiments brought forward in the Conference may be grouped roughly under four heads:

1. More adequate financing for Agriculture
 2. Insistence on lower transportation costs
 3. Cooperative organization
 4. Tariff protection for farmers on an equality with manufacturers and non-agricultural producers.
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SOME CHANGES IN PERSONNEL of farm management or economics men are taking place in various states.

Mr. W. V. Kell joined Mr. Robertson last month in farm management extension work in Indiana. Mr. Kell had previously been a county agent in that state.

Mr. Dodge (of Mass.) will take up his continued farm management survey and demonstration in Rhode Island this month, under a temporary appointment.

Mr. R. L. Donovan of Minnesota has joined Mr. Elliott in farm management demonstration work in Illinois.

Mr. M. L. Wilson has been appointed farm management demonstrator in Montana. Mr. Wilson was previously County Agent Leader in that state and has had considerable farming as well as extension experience.

Messrs. L. G. Albaugh and H. B. Roe have joined the staff in Iowa to assist in farm management extension work.

Mr. F. J. Chase has resigned as farm management demonstrator in Colorado, to take effect the present date.

ON THE NEXT PAGES are some price quotations on farm machinery and fertilizers from 1913 to date in different parts of the country. These are data sent in to this Office by economics men at the various state colleges for use in the Agricultural Conference. They represent quotations from local dealers, and we accept them as furnishing a reasonably accurate index to the trend of these prices through the war period.

RETAIL PRICES TO FARMERS

WALKING PLOW

	<u>Ithaca</u> <u>New York</u>	<u>14"</u> <u>Lexington</u> <u>Kentucky</u>	<u>14"</u> <u>Champaign</u> <u>Illinois</u>	<u>14" Gang</u> <u>Rushmore</u> <u>Minnesota</u>	<u>9"</u> <u>Bryan</u> <u>Texas</u>	<u>14"</u> <u>Ames</u> <u>Iowa</u>	<u>14"</u> <u>Moscow</u> <u>Idaho</u>
1913	\$ 12	\$ 9	\$ 13	\$ --	\$ 8	\$ 14	\$ 16
1914	13	9	13	65	9	--	17
1915	13	9	13	65	9	--	18
1916	13	9	13	68	10	--	18
1917	13	9	15	85	10	--	19
1918	19	12	18	115	13	--	21
1919	27	16	22	---	13	--	26
1920	25	20	27	139	13	--	31
1921	25	20	27	---	13	30	25
1922(Jan.)	20	16	22	---	10	22	*

DISK HARROW

	<u>Ithaca</u> <u>New York</u>	<u>12 D</u> <u>Lexington</u> <u>Kentucky</u>	<u>8'</u> <u>Champaign</u> <u>Illinois</u>	<u>20" Sing. D.</u> <u>Rushmore</u> <u>Minnesota</u>	<u>16"-12D</u> <u>Bryan</u> <u>Texas</u>	<u>10</u> <u>Ames</u> <u>Iowa</u>	<u>7' d. d.</u> <u>With Car.</u> <u>Moscow</u> <u>Idaho</u>
1913	\$ 39	\$ 30	\$ 36	\$ --	\$ 30	\$ 40	\$ 85
1914	39	30	36	115	37	--	90
1915	39	30	36	115	40	--	94
1916	39	30	36	120	45	52	100
1917	39	30	33	135	52	--	105
1918	54	37	42	160	52	--	125
1919	65	45	52	---	55	--	145
1920	69	55	80	---	60	--	157
1921	67	50	80	---	60	95	140
1922(Jan.)	50	45	60	---	55	68	*

* 1922 prices about 15% lower than 1921.

RETAIL PRICES TO FARMERS

MOWER

	<u>Ithaca</u> <u>New York</u>	<u>5 ft. McCor.</u> <u>Lexington</u> <u>Kentucky</u>	<u>5 ft.</u> <u>Champaign</u> <u>Illinois</u>	<u>5 ft.</u> <u>Rushmore</u> <u>Minnesota</u>	<u>4½</u> <u>Deering</u> <u>Bryan</u> <u>Texas</u>	<u>Ames</u> <u>Iowa</u>	<u>5 ft.</u> <u>Moscow</u> <u>Idaho</u>
1913	\$ 44	\$ 40	\$ 40	\$ --	\$ 55	\$ 45	\$ 53
1914	45	40	40	45	55	--	53
1915	45	43	40	47	60	--	55
1916	45	43	40	49	65	--	55
1917	48	43	45	55	65	--	60
1918	78	50	50	60	75	--	70
1919	95	70	65	--	85	--	88
1920	88	85	80	78	95	--	107
1921	83	75	80	--	95	91	105
1922(Jan.)	74	70	70	53	85	72	*

GRAIN BINDER

	<u>Ithaca</u> <u>New York</u>	<u>7' bare</u> <u>Lexington</u> <u>Kentucky</u>	<u>8'</u> <u>Champaign</u> <u>Illinois</u>	<u>7' Deering+T.</u> <u>Rushmore</u> <u>Minnesota</u>	<u>6'</u> <u>Deering</u> <u>Bryan</u> <u>Texas</u>	<u>8'</u> <u>Ames</u> <u>Iowa</u>	<u>8' W.T.</u> <u>Moscow</u> <u>Idaho</u>
1913	\$ 125	\$ 115	\$ 150	\$ ---	\$ 165	\$ 135	\$ 185
1914	125	115	150	145	175	---	190
1915	125	125	150	145	185	148	195
1916	125	125	150	150	200	---	205
1917	125	125	165	170	215	---	225
1918	172	150	185	190	225	---	260
1919	202	185	240	---	250	---	275
1920	227	225	250	---	250	---	320
1921	217	225	250	---	265	270	295
1922(Jan.)	200	200	220	---	250	215	*

* 1922 prices about 15% lower than 1921.

RETAIL PRICES TO FARMERS

FERTILIZERS

(In Common Use)

	<u>10-2-2</u> <u>Georgia</u>	<u>16% Ac. Phos.</u> <u>Texas</u>	<u>Sod.</u> <u>Nitrate</u> <u>Texas</u>	<u>1.8-10.5</u> <u>Per 100 lbs.</u> <u>Miss.</u>	<u>2-12-2</u> <u>Minn.</u>	<u>1-8-2</u> <u>Ohio</u>	<u>16% Ac. Phos.</u> <u>Ohio</u>
1913	\$ 20	\$ 12	\$ 43	\$ 1.10	\$ --	\$ 19	\$ 16
1914	21	12	43	1.10	25	19	16
1915	23	13	50	1.10	26	20	16
1916	--	15	55	1.25	33	26	19
1917	33	16	65	1.25	33	27	18
1918	47	16	73	1.75	47	38	23
1919	53	22	110	2.10	54	43	28
1920	32	24	80	2.25	47	38	28
1921	31	28	62	1.50	40	34	24
1922(Jan.)	--	18*	--	1.50	--	29*	24*

* Later in 1921.

The above prices furnished by economic specialists at the state colleges, and represent quotations from local dealers. Fertilizer prices varied during each year. The above for the most part are year averages or quotations during planting season.

A. B. Genung
Office of Farm Management and Farm Economics
Washington, D. C.

TABLE
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Year	Month	Day	Time	Place	Remarks
1901	Jan	1	10:00	St. Paul	Left for St. Louis
1901	Jan	2	10:00	St. Louis	Arrived at St. Louis
1901	Jan	3	10:00	St. Louis	Left for St. Paul
1901	Jan	4	10:00	St. Paul	Arrived at St. Paul
1901	Jan	5	10:00	St. Paul	Left for St. Louis
1901	Jan	6	10:00	St. Louis	Arrived at St. Louis
1901	Jan	7	10:00	St. Louis	Left for St. Paul
1901	Jan	8	10:00	St. Paul	Arrived at St. Paul
1901	Jan	9	10:00	St. Paul	Left for St. Louis
1901	Jan	10	10:00	St. Louis	Arrived at St. Louis
1901	Jan	11	10:00	St. Louis	Left for St. Paul
1901	Jan	12	10:00	St. Paul	Arrived at St. Paul
1901	Jan	13	10:00	St. Paul	Left for St. Louis
1901	Jan	14	10:00	St. Louis	Arrived at St. Louis
1901	Jan	15	10:00	St. Louis	Left for St. Paul
1901	Jan	16	10:00	St. Paul	Arrived at St. Paul
1901	Jan	17	10:00	St. Paul	Left for St. Louis
1901	Jan	18	10:00	St. Louis	Arrived at St. Louis
1901	Jan	19	10:00	St. Louis	Left for St. Paul
1901	Jan	20	10:00	St. Paul	Arrived at St. Paul

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